

Local Administration Finances in Romania during the Second World War (1939–1945)

MIHAI IRIMIEA

“We cannot speak about life and local autonomy without granting these institutions the possibility of having their own income sources at hand.”

Mihai Irimiea

Associate professor at the Faculty of Economic Sciences, Petroleum–Gas University of Ploiești. Author, among others, of the volumes **23 August 1944: Consecințe economice** (23 August 1944: Economic consequences) (2002) and **Istoria economiei naționale** (History of the national economy) (2005).

EXTREMELY FAMILIAR with the Romanian political and economic life during the period discussed in the present article, Professor Gheorghe N. Leon wrote, in the preface to one of his books published in 1940, that financial means represent “the most difficult issue for local administrations.”¹ According to the author, securing the financial resources necessary for the optimal functioning of local administrations represented an important objective of the state, because it “is based on communes, as the general condition of the state will depend on the welfare of communes, and the nation finds a meaning in the population living in communes.”²

Before the Second World War, local finances had an important share in the country’s finances. Following the evolution of local administration budgets (counties, urban communes and municipalities), we notice that their provisions represented 39% of the state’s ordinary budget in the financial year 1934–1935, 49% in 1935–1936, 47% in 1936–1937, 37.5% in 1937–1938 and 27.1% in the financial year 1938–1939.³

During these last years of peace, as well as during the entire interwar period, the social and cultural function of local administrations was continuously affected by shortages of funds. Starting with 1931, the total budgetary allocations for local administrations decreased uninterruptedly, irrespective of the economic circumstances and of the way in which the state's general finances evolved. On the other hand, there were great discrepancies between needs (budget estimates) and possibilities (proceeds). The proceeds achieved by counties, as compared to budget estimates, represented 72.9% in 1934–1935, 75.5% in 1935–1936, 86% in 1936–1937, 84.9 in 1937–1938 and 48.7% in the budgetary year 1938–1939. In towns, the level of proceeds was between 66.1% (1938–1939) and 81.2% (1937–1938). The proceeds of rural communes were far lower, being, on average, of 57.6% as compared to the provisions in the budgetary year 1934–1935, 68.1% in 1935–1936, 71.4% in 1936–1937, 70.6% in 1937–1938, 76.5% in 1938–1939.⁴ In the financial year 1934–1935, in some counties such as Vaslui, Tutova, Fălcu or Olt, the proceeds of the rural communes was below 30% of the budget evaluations.⁵ Between 1933 and 1938, the budgets of local administrations were replaced, based on the provisions of the Administration Law of 1933, and of the Administration Law of 27 March 1936.⁶

In the last interwar years, in Romania there were 71 counties, 179 urban communes (of which 16 municipalities and 55 county capitals) and 9,016 rural communes with 16,743 villages and hamlets. The chronic shortage of funds was an obstacle for their social, cultural and sanitary development. Low incomes barely managed to cover the personnel expenses, state subsidies being very often required for their minimum functioning. Under these circumstances, the investment funds for public utilities, roads, bridges and buildings maintenance were not sufficient. Many of the country's cities had this status only from a legal point of view, in other words, only on paper. For instance, 114 towns out of the existing 179 in 1938 did not have sewage works, 108 did not have a water supply,⁷ and 40 did not have electric lighting. In 1938, only 565 localities had electricity and only 24.5 of Romania's inhabitants received an electricity bill. There were counties, such as Vaslui, Tutova, Fălcu, Covurlui, Iași, Dorohoi, Durostor, Vlașca, Râmnicu Sărat, Olt with only one locality connected to the power system.⁸

At that time, political parties made promises regarding the increase of the counties' budget incomes, for the urban communes and, especially, for the rural ones. For example, the National Liberal Party—the ruling party between 1934 and 1937—, stipulated in its statute of 1931 that “it will reorganize the local finances, giving the local taxes to communes and counties.” They also considered that “the system of burdening communes and counties with a large part of the state's expenses, without offering them sufficient means, must come to an end.”⁹

The measures taken by the leadership to improve the fiscal system with a view to increasing the incomes of local authorities were very few and had minor consequences. These circumstances were added to “the great inconvenience of an unprepared and insufficiently-controlled administration.”¹⁰ The specialized literature of the time explained the great difference between the budget provisions and proceeds, not only by the low value of the administrative body, but also by the low payment for the state fiscal body that established, raised and made available to counties and communes more than one third of their total incomes. For instance, the fiscal staff in the external service of the Ministry of Finances (17,986 in 1934–1935, 20,113 in 1935–1936, 20,500, in 1936–1937) consumed, out of the total proceeds in the budgetary year 1934–1935 for personnel expenses, a share of only 6.40%, 6.33% in 1935–1936 and 4.72% in 1936–1937.¹¹

The budgets of the local administrations in the budgetary year 1939–1940 were established based on the situation created by means of the Administration Law of 14 August 1938.¹² It stipulated the existence of the following territorial districts: communes, small rural districts, counties and provinces. The law granted legal personality to communes and provinces, which could represent their local interests, while small rural districts and counties were only control and de-concentration districts. In August 1938 ten provinces were created: Olt, Bucegi, Dunărea de Jos, Nistru, Prut, Suceava, Mureș, Someș, Timiș and the Maritime Province. A province comprised several counties, its administration being entrusted to the Royal Resident and to his Council. The council of the province consisted of elected members (by the commune councils and the chambers of agriculture, commerce and industry), and of legal members (appointed by the Ministry of Internal Affairs). The council could decide in matters regarding revenues, budgets, nominal accounts, loans, alienation etc. A small rural district—an administrative and control subdivision—comprised several communes. It was managed by a praetor, appointed by the Minister of Internal Affairs. The praetor (an officer in the Judicial Police) was the representative of the government and the chief of police within the small rural district. In 1938 there were 431 small rural districts, their number increasing to 485 in 1939.¹³ Communes were divided into rural (one or several villages which had to have the ordinary financial means to cover administrative expenses), urban (municipalities, county capitals and non-county capitals) and spas.

According to article 162 in the Administration Law of 15 August 1938, the incomes of communes and provinces were divided into ordinary, extraordinary and special destination incomes. Ordinary incomes resulted from taxes and dues, as well as from the incomes of communal enterprises, assets or economic activities. Extraordinary incomes resulted from selling goods and assets without a special destination. Surpluses from previous fiscal years, as well as any other in-

comes that were not stipulated in the other categories, had the same character. Special destination incomes had this character due to their governing law or act.

The law assigned to communes, by derogation from the provisions of the direct contributions law, the following ordinary incomes from the proceeds on their territory: a) the tax on farming, namely: 19% for timework agricultural properties; 20% for the rented agricultural properties; 37% for the properties of absentees; 28% for forestry operation with a view to their grubbing; b) 25% from the tax revenue on the consumption of brandy made of fruit and their derivates produced on the territory of communes; c) the shares due, according to the law, for the organization of communal enterprises.¹⁴ All these shares were paid to communes directly as they were collected. Out of the tax on farming cashed in by communes, 50% would feed the budget of the province and would be paid as collected.

Furthermore, the Administration Law stipulated that provinces and communes could establish, for their own use and within the limits stipulated by the law of the unification of direct contributions, additional shares on elementary taxes, apart from the agricultural one. They could set up temporarily supplementary additional shares, with the approval of the Ministry of Internal Affairs and the Ministry of Finances and only in respect to major works of local interest or to balancing the budget of communes (art. 165). Communes could set up taxes and dues for the covering of expenses, within the limits established in a table appended to this law (art. 166). At the same time, some regulations authorized various services organized for the benefit of the inhabitants, for the exceptional use of roads for heavy transportation, for services that were used directly or indirectly (waste disposal, water and sewage services, lighting, chimney cleaning, the check of weighing and bread production, merchandise weighing etc.) and for any other services provided to private persons.¹⁵ The agricultural tax and the dues and taxes of the communes stipulated in the table attached to the administrative law¹⁶ were collected by the communal clerks, and the share due to the province would be paid as it was cashed by the tax authority into its account. The share due to communes and provinces from the state taxes would be collected at the same time with that due to the state by tax collectors or by the province collection and payment administrators, respectively.

The Administration Law of 14 August 1938, unfortunately, did not settle “in a courageous and final manner”¹⁷ the financial issues the local administrations was facing, as the initiator of the law, the Minister of Internal Affairs, would write in his report: “The local finances obtain, thus, independence and autonomy; they create for themselves their own source of income, with the help of which they could face the main community and social needs . . . We cannot speak about life and local autonomy without granting these institutions the possibility of having their own income sources at hand.”¹⁸

The creation of the provinces, followed by the unitary concentration and administration of the financial means of the counties, was to reduce personnel expenses and increase the revenue destined for investments or for achieving of some objectives in the social, cultural or sanitary domains. We notice, however, that the setting-up of provinces represented, from the very beginning, a significant expense increase as compared to the aggregate budget of the component counties. In the budgetary year 1939–1940, the incomes of the provinces (estimated) in amount of 2,448 lei, a value that was close to the highest figure of county budgets in the whole interwar period (2,964 million lei,¹⁹ in 1930), were about 68% higher than the sum of the counties' budget in 1938–1939 (1,459,9 million lei).²⁰ One of the authors of *The Romanian Encyclopedia* would also say that the administrative body of provinces was highly expensive, “which resulted in the maintenance of personnel expenses to a level as high as the one of the counties' budgets.”

The Administration Law of 14 August 1938 was altered by the Decree Law regarding the abrogation of Residences and the reorganization of the county Prefect's Offices of 22 September 1940, thus the provinces ceasing their short existence.

In the meeting of the Council of Ministries on 21 September, General Ion Antonescu announced “a vast plan,” having as objectives the optimization of the local administration, village reconstruction (model villages) and the improvement of sanitary conditions in villages, the reconstruction of schools and their reorganization on other bases, the elimination of corruption and abuses, etc.²¹ As regards taxation, General Ion Antonescu said, at the first meeting of the government (7 September 1940), that this would constitute “the object of some serious concerns,” and the measures will be expected to stimulate the increase in production and productivity in order to reduce taxation. The new system—considered to be a vital issue for the Romanian people—had to offer “the possibility of lower taxes and much higher revenues.”

In February 1941, the new regime adopted the Decree Law no. 456/1941 regarding the unification of some communal taxes and dues with the state taxes.²² In the Report to the Head of State, the initiator highlighted the fact that, at that time, communes were collecting, based on the administrative law, some taxes and dues resembling those collected by the state, for whose recording and collection they maintained a complicated and expensive body. “It is abnormal that taxes and dues with a similar or close taxation base should be the object of some settlement and collecting operations executed by different bodies, a fact which is offending for the taxpayers and which causes useless expenses for the public community,” concluded the Minister of Finances, Brigadier General Nicolae Stoenescu.²³ The main alterations brought to the system of local finances by this law were:

1. The elimination of some communal taxes and dues (the ad-valorem tax; the firemen tax, the due for commercial and industrial enterprises calculated at the rental value of buildings; company taxes; taxes on vacant lands) and their replacement with share increases of some state taxes;²⁴

2. The inclusion of some of communal taxes and dues with the same share in the state tax, namely (e.g.: the 2% tax on the new properties built in Bucharest; the communal fee for show tickets);

3. The elimination of some of communal taxes and dues (the tax on the cubic meter of ballast, on natural ice, on the meat and derivate animal products that entered the communes), considered to be little productive, expensive for the communes, or for which fiscal personnel expenditures would have exceeded the very revenue from these taxes.²⁵

The incomes obtained from the increase in the tax shares on luxury and turnover were paid into a Common Fund²⁶ of the Deposit House, which was to distribute them, on a monthly basis, to municipalities and urban communes, based on some coefficients established at the beginning of each budgetary year by the Ministry of Internal Affairs. For the establishment of these coefficients, there were considered in light of the proceeds from the budgetary years 1939–1940 and 1940–1941.

The Decree Law no. 456/1941 also stipulated that the Ministry of Internal Affairs had to devise, by mutual agreement with the Ministry of Finances, standard regulations on the categories of local administrations, specifying both the situation of fiscal arrangements for services organized for the use of private persons, and the maximum quantum of the taxes to be collected. The provisions of the Administration Law of 14 August 1938, based on which the settlement and collection of the agricultural tax were performed by the communes, were abrogated. The law stipulated that these activities should be performed by the Ministry of Finances, while counties and communes were to be assigned shares from the proceeds. From the proceeds share due to counties, 50% was to be paid into the Common Fund in the Deposit House, at the disposal of the Ministry of Internal Affairs, and the collected sums were to subsidize disadvantaged counties.

By means of a new law issued on 27 February 1942, communal taxes and dues stipulated in the annex table of the Administration Law increased, which led to an increase of revenue from 571 million lei in the budgetary year 1941–42, to 1,316 million lei in 1942–1943. The same law gave the administration the right to collect taxes for the services provided, the revenue from this category increasing from 329 million lei in 1941–1942, to 802 million lei in 1942–1943.²⁷

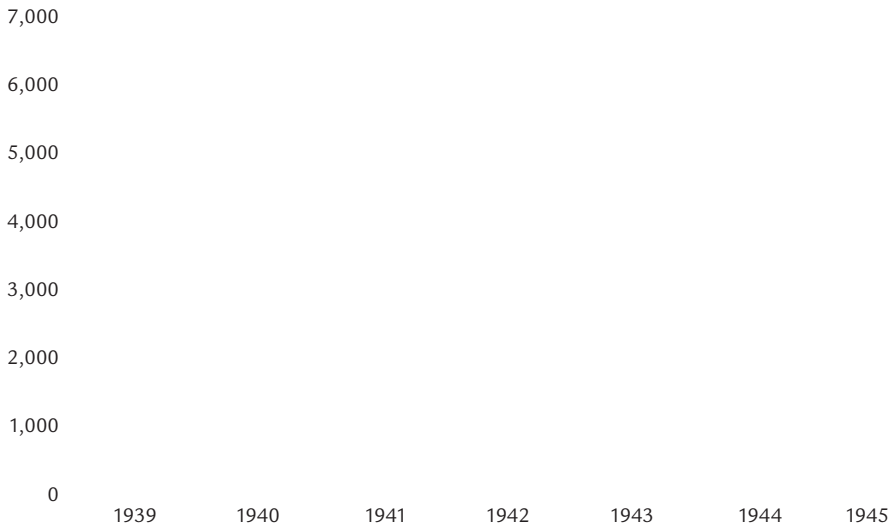
On 1 April 1942, the common funds set up on the basis of Decree Law no. 456 on 26 February 1941 were dissolved and a Single Common Fund was set up in order to subsidize counties and communes in order to compensate for

low budgets, cover the expenses for public interest investments that they could not ensure from their own revenue, and finance some works that exceeded the public interest of one single administrative unit. The fund came from the following sources: the share from the agricultural tax revenue due to counties; the income from the share applied to the tax on luxury and turnover; the income due to communes from the tax on buildings; the share of 57% from the entertainment tax; the income from the car tax.²⁸ The tax authorities that collected these taxes were obliged to deposit the amounts for the fund with the Building and Loan Association in the account of the Ministry of Internal Affairs, and the latter would make the distribution taking into account the needs of the disadvantaged counties and communes. Granting subsidies for works of public interest was made based on projects, currencies and work projects.

UNDER THE harsh conditions of 1940–1945, the budgets of the local administrations continued to suffer from the same disease as in the inter-war period, namely, fund shortages. The war expenditures determined a substantial reduction in local administration revenue, which greatly depended on the state fiscal system²⁹ As compared to the budget provisions for the last years of peace (30,550 million lei in the financial year 1938–1939), the ordinary state budget in the war period continuously increased: 37,596 million lei in 1940–1941, 44,870 million in 1941–1942, 72,530 million lei in 1942–1943, 171,880 million lei in 1943–1944, and 252,170 million lei in 1944–1945.³⁰ Throughout this period, as a result of the prudent evaluation of incomes and of the measures taken by the government in order to increase the collection of taxes and dues owed to the state, the proceeds were higher than the estimates, as follows: 40,977 million lei in 1940–1941, 66,762 million lei in 1941–1942, 110,307 million lei in 1942–1943, 214,448 million lei in 1943–1944 and 222,501 million lei in 1944–1945.³¹

The significant budget increases of 1943–1944 (237%) and 1944–1945 as compared to the budgetary year 1942–1943 are due to the alteration of the budgetary structure by the inclusion in the ordinary state budget of the incomes and expenses of the special funds of national defense (the national defense fund, the national air force fund, the Navy national fund),³² but also to the rapid inflation of the war years. As compared to the budgetary year 1939–1940, the state budget increased by 16% in 1940–1941, 39.2% in 1941–1942, 225% in 1942–1943, 533% in 1943–1944 and 782% in the budgetary year 1944–1945, considering the evolution of the general retail price index (in Bucharest) in 1939–1945 as shown in Figure 1.

FIG. 1. THE RETAIL INDEX (IN BUCHAREST) IN 1939–1945



SOURCE: *Comunicări statistice*, no. 18 (15 August 1947): 14.

The budgets of the local administrations in 1940–1941 and 1941–1942 represented only 86.7% and 93.6%, respectively, of the revenue (estimated) of the budgetary year 1939–1940 (see Table 1). The revenue collected in the budgetary year 1941–1942 was 23.3% higher than in 1939–1940, 263.7% in 1942–1943 and 263.8% in the first 9 months of the budgetary year 1943–1944, respectively. The budget of the Common Fund was 4,124 million lei in 1942–1943, 5,600 million lei in 1943–1944 (proceeds), 7,000 million lei in 1944–1945 (estimates) respectively. The income increase must be correlated with the inflation. In the absence of a general price index at the level of the entire Romania, if we expressed the revenue collected during this period in the prices of 1939 by using the retail price index in Bucharest (see Fig. 1), we would notice a decreasing tendency of the revenue collected by the local administrations, a tendency that increased in the last war years, especially after the events of 23 August 1944.³³

An important source for the increase of local revenue throughout this period was represented by credits. On 1 January 1940, the debts of the local administrations amounted to 1,154 million lei, of which 552 million lei to the County and Communal Credit, 446 million lei to the National Savings House and Postal Cheques, 125 million lei to the Building and Loans Association and 31 million lei to the Insurance Fund of the Ministry of Internal Affairs.³⁴ The highest debts were those of municipalities and urban communes (594 million lei), followed by the municipality of Bucharest (358 million lei). The debt balance

of the counties was of 175 million lei, while rural communes had debts of only 27 million lei.

During the Antonescu government, the operating law of the County and Communal Credit was altered in January 1942, then in March 1943, its attributions including all the credit operations of the communal administrations and services, irrespective of the repayment term. By means of the decree law of 9 March 1944, it was decided that this credit institution should make available for the local administrations a working capital that should make up the deficiencies of the Common Fund. As the latter could only be used within the limits of collected revenue, and subsidies often had to be granted in the first semester of the budgetary year, the County and Communal Credit was authorized to grant advance payments to the Ministry of Internal Affairs to the destined Common Fund, mostly, as we have previously demonstrated, for subsidizing the investments carried out by the local administrations.

The County and Communal Credit gave loans to local administrations to the value of 1,793 million lei in 1942, and 1,438 million lei in 1943. At the end of 1943, the debt balance of the local administrations amounted to 1,607 million lei, decreasing by 638 million lei as compared to 1942.³⁵

TABLE 1. LOCAL BUDGET REVENUE IN 1939–1945
(million lei)

SOURCES: Ministry of Finances, *Expunere de motive*, 325; Axenciuc, 3: 694.

a. Achieved over 9 months.

The evolution of the local administrations' expenses in 1939–1945 can be seen in Table 2. According to the Administration Law (art. 175–178), these were divided into: ordinary, extraordinary and special destination expenses. Ordinary expenses were obligatory and facultative. For communes, ordinary expenses were represented by the following categories: a) expenses with services (salaries and allowances, office expenses, subscriptions, rents, asset administration and insurance, expenses for the operation of economic enterprises, security etc.); b) expenses for education and the denominations; c) expenses for roads; d) ex-

penses for agriculture and animal husbandry; e) expenses for social protection and sanitary actions.

In the budgetary year 1941–1942, at county level, the ordinary expenses (real) represented 54.4% of the total of 1,505 million lei, the extraordinary expenses 14.7% and special destination expenses 30.9%. At the level of urban communes, the real expenses were structured as follows: ordinary 74.4%, extraordinary 7.3% and special destination expenses 18.2%. In the rural communes budget, in the same year, the ordinary expenses amounted to 70%, the extraordinary ones to 5.8%, and the special destination expenses to 24.2%.³⁶ In the budgetary year 1943–1944, 40% of the total expenses stipulated in the local administrations' budgets (26,557 million lei) was destined for investments and 60% for administration expenses. In the rural communes' budgets, the expenses destined for investments amounted to 50% of the total, while in the counties' budgets, these represented only 30%.

TABLE 2. LOCAL BUDGET EXPENSES IN 1939–1945
(*million lei*)

SOURCES: Ministry of Finances, *Expunere de motive*, 327; Axenciuc, 3: 695.
a. Actual expenditures over nine months.

The increase in expenditures as compared to the budgetary year 1939–1940 can be explained by the increase in the prices of materials and labor for the modernization works carried out by the administrative units, the increase in the credit granted for balancing the low budgets and, to a less extent, by the salary increases of the personnel. In connection to the latter expense chapter, we must notice that the authorities of the time granted a series of increases—“to ensure the dignity of clerks, offering them the minimum level of existence, both for them and for their families”³⁷—which, however, did not manage to keep up with price increases. In the meeting of the Council of Ministers on 13 October 1942, I. N. Fîntescu, the minister of the National Economy, said that, although public officials were given a salary increase of 37% after the Antonescu's government came to power, the real salary decreased by 50%.³⁸

Staying within the budget limits and reducing expenses remained the major obligations of the local authorities during the war as well, as they had to take measures to decrease the amount of personnel expenses in favor of those destined for investments, with a view to carrying out the objective of “transforming consumption budgets into investment budgets.”

Throughout the analyzed period, by derogation from the ordinary laws, some financial measures were adopted by special laws at the same time with the budget. With some supplements and alterations, the provisions of the Decree Law concerning exceptional financial measures applicable in the year 1939–1940³⁹ were also preserved in 1940–1945. A part of these provisions (personnel issues, reduction of materials and personnel expenses etc.) were applicable to the local administrations. Local authorities were compelled to act in order to eliminate “useless” expenses (allowances, subscriptions to various newspapers considered to be without cultural value, subsidies granted to some civil institutions and associations without a significant activity etc.).

During the war, a part of the general state expenses continued to burden the local budgets. For example, the Decree Law concerning exceptional financial measures stipulated that, every year, the counties, towns and communes should cover the expenses incurred with the rent, furniture, lighting, heating and maintenance of the buildings occupied by the courts of law of any level and nature, county prisons, and state fiscal bodies.

The fiscal year 1944–1945 was an extremely difficult one for the local administrations in Romania, which faced huge expenses and obligations unforeseen when the budgets had been adopted. The plunder perpetrated by the Red Army soldiers, especially in the “neither peace, nor war” period between 23 August 1944 and 12 September 1944 (the signing of the Armistice Convention in Moscow), was estimated to reach the huge amount of 450 billion lei, which represented about 291 million USD.⁴⁰

The fulfillment of the obligations undertaken by the Romanian state under the Armistice Convention concluded with the United Nations on 12 September 1944 created huge a increase in state and local expenditures. If the state budget for the year 1944–1945 was established at 252,2 billion lei, the total expenses between 1 September 1944 and 31 of March 1945 amounted to 415,2 billion lei, of which 206,2 billion lei (49.7%) was for the implementation of the armistice. In April and May 1945, the share of expenses for the armistice in the state budget increased to 57.2% and 69%, respectively. For the upkeep of the Soviet troops stationed on or transiting the Romanian territory to/from the battlefield—a task imposed by article 10 of the Armistice Convention of 12 September 1944—the Romanian state spent huge amounts of money: about 272,4 million USD (1947 prices) in the last part of 1944, 21,8 million dollars in the first quarter of 1945 and 35,3 million dollars in the second quarter of 1945.⁴¹

SEVERAL CONCLUSIONS emerge from the facts presented so far. First, the ever-increasing needs of war financing determined a substantial decrease in the local administrations revenue, which were highly dependent upon the state fiscal system. The decrease in production (economic activity) in the main fields and domains of the national economy in the last years of the war, together with the significant decrease in popular consumption, also negatively influenced the income of the local administrations. Then came, after the coup d'état of 23 August 1944, the negative consequences of the massive presence of the Red Army and the onerous tasks imposed on our country by the Armistice Convention of 12 September 1944. The difficult conditions of 1939–1945 postponed the reform of public finances and of the local administrations' financing, in the sense of a "new and more correct distribution of tax obligations in the relations between the taxation body and the local finances."⁴² Without offering the counties and communes their own sources of income, the authorities could not achieve noticeable progress in the local administration. □

Notes

1. Gheorghe N. Leon, *Finanțele administrațiilor locale* (Bucharest, 1940), 8. He was the minister of the National Economy, ad-interim finance minister, ad-interim agriculture minister in I. Gigurtu's government (4 July–4 September 1940). Minister of the National Economy in Ion Antonescu's government (4 September–10 November 1940), ad-interim in the Ministry of Finances and of the Ministry of Agriculture and Domains (4–14 September 1940).
2. *Ibid.*, 11.
3. I. N. Stan, "Finanțele administrației locale," in *Enciclopedia României*, vol. 4, *Economia națională: Circulație, distribuție, consum* (Bucharest, 1943), 832.
4. *Anuarul statistic al României, 1939 și 1940* (Bucharest, 1940), 678–682.
5. The better situation of the counties can be explained not by a better organization of their own finances, but by the structure of the fiscal system that favored them.
6. Published in the *Monitorul Oficial* (Official Journal), pt. 1, no. 73 on March 27, 1936.
7. Leon, 175.
8. *Anuarul statistic al României*, 16, 500, 501.
9. *Programul Partidului Național Liberal* (1931), apud Mircea Mușat and Ion Ardeleanu, *România după Marea Unire*, vol. 2, pt. 1, 1918–1933 (Bucharest, 1986), 471.
10. Stan, 832.
11. Eracle M. Săsână, *Aparatul fiscal: Evoluția organizării aparatului fiscal din România: Stabilirea și perceperea impozitelor* (Bucharest, 1940).
12. *Monitorul Oficial*, pt. 1, no. 187 of August 14, 1938.
13. *Anuarul statistic al României*, 16–17.
14. C. Hamangiu, *Codul general al României: Legi uzuale*, vol. 26, pt. 2, 1938 (Bucharest, 1939), 1509.

15. Ibid., 1510.
16. For details, see Hamangiu, 26, 2: 1520–1527.
17. Leon, 115.
18. Hamangiu, 26, 2: 1574–1575.
19. Victor Axenciuc, *Evoluția economică a României: Cercetări statistico-istorice, 1859–1947*, vol. 3, *Monedă, credit, comerț, finanțe publice* (Bucharest, 2000), 694.
20. *Anuarul statistic al României*, 678.
21. *Stenogramele ședințelor Consiliului de Miniștri: Guvernarea Ion Antonescu*, vol. 1 (*septembrie–decembrie 1940*) (Bucharest, 1997), 11, 65.
22. *Monitorul Oficial*, pt. 1, no. 50, February 28, 1941.
23. Minister of Finances between 27 October 1941 and 25 September 1942. Followed in office by Alexandru Neagu (26 September 1942–4 April 1944), Gheron Netta (4 April 1944–23 August 1944), General Gheorghe Potopeanu (Minister of the National Economy and Finances, 23 August 1944–13 October 1944), General Constantin Sănătescu (ad-interim, 13 October 1944–3 November 1944), Mihail Romniceanu (3 November 1944–28 February 1945), Dumitru Alimănișteanu (6 March 1945–11 April 1945), Mircea Duma (11 April 1945–23 August 1945).
24. The tax on luxury and turnover increased by 1–2.5%, and the tax on the income of commercial and industrial enterprises increased by 3%. According to the opinion of the legislator, the increase in state taxes did not increase the overall tax burden, as these alterations were accompanied by the elimination of communal taxes and dues.
25. Hamangiu, *Codul general al României: Legi uzuale*, vol. 29, pt. 1 (1941): p. 331.
26. By means of this law, there was a return to an income source that had had an important role in the local finances system in the pre-war period. The Common Fund had been set up in 1903, the initiator of the law being Emil Costinescu, the minister of Finances at that time. The law was altered successively in 1904, 1906, 1907, 1910 and comprised provisions only for the communes. In 1926, by means of a new law, the common fund became an income source for counties and professional chambers, too.
27. Petre Strihan, *Ideii și realizări în administrația românească* (Bucharest, 1944), 15.
28. Decree Law no. 982 regarding the creation of the common fund for subsidizing adversely affected counties and communes, as well as for executing some public interest works by means of these administrative units, published in the *Official Journal* no. 50, February 28, 1941.
29. For example, in the budgetary year 1938–1939, dependant incomes represented 42.5% of the total incomes obtained by the local administrations. (See *Enciclopedia României*, 4: 838.)
30. Ministry of Finances, *Expunere de motive la Bugetul general al statului pe exercițiul 1944–1945* (Bucharest, 1944), 17, 42.
31. Ibid. (The data regarding proceeds in the financial years 1943–1944 and 1945 were taken from Axenciuc, 3: 621.)
32. The special incomes of the national defense (proceeds) represented 14,339,9 million lei in the budgetary year 1940–1941, 19,598 million lei in 1941–1942, 31,629

- million lei in 1943–1944, 49,900 million lei (estimates) in 1944–1945 respectively. Sources: *Trei ani de guvernare: 6 septembrie 1940–6 septembrie 1943* (Bucharest, 1943), 210–211; Ministry of Finances, *Expunere de motive*, 44.
33. Such calculations are but a rough benchmark. The data in Fig. 1 represent average values for the calendar years, and in Table 1 we find the figures for the budgetary years (the budgetary year started on April).
 34. *Enciclopedia României*, 4: 838.
 35. Ministry of Finances, *Expunere de motive*, 328.
 36. *Ibid.*, 327.
 37. *Trei ani de guvernare*, 223.
 38. *Stenogramele ședințelor Consiliului de Miniștri: Guvernarea Ion Antonescu*, vol. 8 (Bucharest, 2004), 345.
 39. Dr. Const. Gr. C. Zotta, *Legile financiare aplicabile de la 1 aprilie 1940* (Bucharest, 1940), 35–45; Constantin Zotta, ed., *Legi cu caracter financiar elaborate odată cu bugetul general al statului* (Bucharest, 1941–1945).
 40. Details in Mihai Irimiea, *23 August 1944: Consecințe economice* (Ploiești, 2002).
 41. The effort to support the Soviet troops continued after the war was over, for the period 12 September 1944–31 March 1947 the amount being estimated at 441,4 million USD (1947 exchange rate). See Mihai Irimiea, “Sub semnul armistițiului: 12 septembrie 1944–12 septembrie 1945,” pp. 5–41, introductory study in the homonymous document collection published by the University of Ploiești Publishing House in 2004.
 42. Strihan, 13.

Abstract

Local Administration Finances in Romania during the Second World War (1939–1945)

The article presents the evolution of local finances in Romania during the Second World War. Using the documents of the time, we analyze the consequences of the legislative changes in the field of administration upon the income sources of the local administrations, upon the evolution and the structure of their budgetary incomes and expenses, the measures taken by the central and local authorities with a view to sorting out the difficulties resulted from the crisis or from the war. The main conclusion of the paper is that the ever-increasing needs in the field of war financing determined a substantial reduction in the local administrations incomes, which were highly dependent upon the state fiscal system. The decrease in production (economic activity) in the main fields and domains of the national economy in the last years of the war, together with the significant decrease in general consumption, also negatively influenced the revenue of the local administrations. The difficult conditions between 1939 and 1945 postponed the reform projects in the field of local finances, in the sense of increasing the financial resource volume required to achieve the economic, social and cultural functions of counties and communes.

Keywords

Romania, Second World War, war economy, local administration, local administration finances